FINANCIAL OPERATIONS OF OHIO COUNTRY ELEVATORS
For Fiscal Years Ending
August 31, 1953 to June 20, 1954
(Fiscal Year 1954)

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Foreward

This bulletin is the 25th of a series of bulletins issued annually by the Agricultural Economics Department, Ohio State University. These bulletins summarize the financial operations of from 100 to 150 elevator and farm supply companies. This summary includes 119 plants.

The data summarized are obtained from published financial statements. The statements do not cover a single fiscal year. Fiscal years of the group summarized in this bulletin end between August 31, 1953 and June 30, 1954. About 60% of the statements covered the calendar year 1953, about 30% were for fiscal years ending March 1 to June 30. The other 10% ended fiscal years August 31, September 30, and November 30.

The statements summarized and averages published in this bulletin are for single operating plants. Some companies operate two or more plants. The averages are not of companies, but of plants. Consolidated company operating statements and balance sheets were not used.

In this summary, plants were divided two ways: (1) On the basis of dollar volume of grain handled and (2) on the basis of dollar volume of farm supplies handled.

The 119 plants were divided into 5 approximately equal groups on the basis of dollar volume of grain handled, and into 4 approximately equal groups on the basis of farm supplies handled. This results in twenty separate groupings with varying number of plants in each group. Table I indicates this grouping.

Table I

Grouping of 119 Ohio Country Elevators on Basis of $ Volume of Farm Supplies and $ Volume of Grain: Groups I-IV divided By $ Volume Farm Supply, A-E By $ Volume Grain

	Number of Plants in Each Grouping:				
	I	II	III	IV	Total
A	9	4	4	7	24
B	7	6	3	8	24
C	6	9	6	3	24
D	5	6	6	6	23
E	4	7	10	3	24
Total	31	32	29	27	119

In reading the above table, and the following tables (II through VI), bear in mind that the totals in the right hand vertical column are for groups A through E, which are divided on basis of $ volume of grain.

The dollar volumes of grain for the groups increase as you read from top to bottom.

Similarly, totals in the bottom horizontal row are totals or averages for groups I through IV, divided on basis of $ volume of farm supplies. The dollar volumes of farm supplies increase as you read from left to right.

The total or average in the lower right hand corner is for the entire number of elevators analyzed.

The range (lowest volume to highest volume handled by any one station) of dollar volume of farm supplies is shown, by groups, in Table II.

Table II

Range of Dollar Volumes of Farm Supplies Sold, 119 Ohio Country Elevators. I-IV Grouped by Total Supply Volume, A-E by Total Grain Volume

Fiscal Years Ended August, 1953-July, 1954

	I	II	III	IV	Total
A	$ 28,000 113,000	$137,000 164,000	$186,000 251,000	$263,000 482,000	$ 28,000 482,000
B	34,000 106,000	140,000 169,000	191,000 206,000	281,000 803,000	34,000 803,000
C	5,000 90,000	122,000 159,000	186,000 269,000	287,000 698,000	5,000 698,000
D	33,000 114,000	119,000 148,000	179,000 266,000	297,000 645,000	33,000 645,000
E	1,500 103,000	128,000 178,000	183,000 262,000	337,000 458,000	1,500 458,000
Total	1,500 114,000	119,000 178,000	183,000 262,000	263,000 803,000	1,500 803,000

From above table, you see that the lowest volume of farm supplies handled by any elevator was $1,500, by a plant in group I, E. The largest volume of supplies was handled by a plant in IV, B, $803,000.

Table III gives the <u>average</u> of dollar volume of <u>farm supplies</u> sold by each group. The largest <u>average</u> sales volume of <u>farm supply</u> was in group IV, B. The 8 plants in this group averaged almost $462,000 in farm supply sales.

Table III

Average $ Volume, of Farm Supplies,
119 Ohio Country Elevators

Fiscal Years Ended August, 1953-July, 1954

	I	II	III	IV	Total
A	$ 68,700	$147,880	$219,270	$333,360	$184,190
B	80,880	154,100	196,390	461,820	240,600
C	72,460	142,410	227,630	462,640	186,260
D	61,330	133,230	214,610	397,570	207,790
E	61,960	156,600	234,100	384,500	201,600
Total	70,120	146,670	222,780	405,740	204,060

The range (lowest dollar volume and highest dollar volume) of grain handled is shown, by groups, in Table IV.

Table IV

Range of $ Volume of Grain Handled, by Volume and Type,
119 Ohio Country Elevators

Fiscal Years Ended August, 1953-July, 1954

	I	II	III	IV	Total
A	$ 63,000 175,000	$ 36,000 192,000	$ 138,000 184,000	$ 91,000 184,000	$ 36,000 192,000
B	224,000 303,000	250,000 327,000	292,000 311,000	193,000 296,000	193,000 327,000
C	332,000 431,000	340,000 450,000	332,000 435,000	375,000 392,000	332,000 450,000
D	544,000 738,000	484,000 673,000	554,000 716,000	537,000 739,000	484,000 739,000
E	875,000 1,146,000	772,000 1,190,000	775,000 1,029,000	846,000 1,005,000	772,000 1,190,000
Total	63,000 1,146,000	36,000 1,190,000	138,000 1,029,000	91,000 1,005,000	36,000 1,190,000

The smallest dollar volume of grain was in a plant in group II, A, $36,000. The largest dollar volume, $1,190,000, by a plant in group II, #.

The average dollar volume of grain handled, by groups, is shown in Table V.

Table V

Average $ Volume of Grain Handled, By Volume and Type,
119 Ohio Country Elevators

Fiscal Years Ended August, 1953-June, 1954

	I	II	III	IV	Total
A	121,350	140,190	155,450	134,520	134,010
B	260,780	302,730	300,040	241,030	269,590
C	371,710	395,060	401,290	384,840	389,500
D	639,160	543,710	619,170	642,990	610,040
E	1,001,280	945,840	924,060	923,120	940,420
Total	399,320	494,240	582,250	394,500	468,330

The average total dollar volume (of both grain and farm supplies) is shown in Table VI.

Table VI

Average Total Dollar Volume, by Type of Operation.
119 Ohio Country Elevators

	I	II	III	IV	Total
A	190,050	288,070	374,720	467,880	318,200
B	341,660	456,830	496,430	702,850	510,190
C	444,170	537,470	628,920	847,480	575,760
D	700,490	676,940	833,780	1,040,560	817,830
E	1,070,740	1,102,440	1,158,160	1,307,620	1,146,020
Total	469,440	640,910	805,030	800,240	672,390

By the division into groups, as set out, we are in position to make comparisons of operating statements between various groups.

For example, is a large farm supply business more "efficient" than a small one. That is, can it operate at a smaller cost per dollar of sales, and still maintain an equal percentage return on invested capital?

By means of the preceding grouping, any individual station can compare its own operations with averages of the group handling approximately the same amounts and kinds of merchandise. Simply find the group from A to E (in Table IV) for which the range of dollar volume of grain includes grain volume of your plant. Then find the group from I-IV (Table II) for which the range of dollar volume of farm supplies includes your plant's farm supply volume. The group which comes under these two headings is that which would include your plant.

Example: Suppose your plant has a grain volume of $650,000. It would be included in group D. Suppose your farm supply volume is $200,000. That would put it in group III. Then the sub group which includes operations of about the same type and scale as your own would be III, D.

"Other Operating Income" is a considerable item of income in Ohio elevator operations. Such income includes feed grinding and mixing, seed cleaning, storage, trucking and similar items. Table VII presents the average total "other operating" income by type and volume groups.

Table VII

Average Other Operating Income, 119 Ohio Elevators,
Grouped by Volume and Type of Operation

Group:	I	II	III	IV	A - E
A	$4,326	$ 5,818	$ 8,034	$10,546	$ 7,007
B	8,681	10,601	5,837	17,794	11,843
C	4,452	7,747	12,194	16,938	9,184
D	3,907	15,358	12,626	15,800	12,271
E	9,383	10,224	12,126	26,606	12,924
I-IV	5,918	10,009	11,028	16,356	10,632

The gross trading margin on grain and farm supplies, plus "other operating" income makes up gross operating income. Deduction of operating expense gives net operating income. This data is shown for the 20 groups in Table VIII.

Table VIII

Average Gross Operating Income, Operating Expense, and Net Operating Income, 119 Ohio Elevators, by Volume and Type Groups

Group:	I	II	III	IV	A - E
A	$21,146 19,016 $ 2,130	$41,086 32,972 $ 8,101	$56,350 44,823 $11,527	$69,657 54,156 $15,501	$44,486 35,894 $ 8,592
B	$30,225 25,373 $ 4,852	$47,447 39,010 $ 8,437	$51,731 42,720 $ 9,011	$ 98,750 75,893 $22,857	$60,060 47,791 $12,269
C	$30,672 26,382 $ 4,290	$48,960 37,041 $11,929	$64,210 46,554 $15,656	$97,283 66,999 $ 30,284	$54,245 40,500 $13,745
D	$44,421 27,296 $17,125	$59,445 41,630 $17,815	$67,483 50,691 $16,592	$90,883 66,249 $24,634	$66,476 47,299 $19,177
E	$59,326 36,072 $23,254	$75,843 54,888 $ 20,955	$85,218 60,095 $25,123	$139,160 97,008 $ 42,152	$84,911 59,187 $ 25,724
I-IV	$33,720 25,413 $ 8,307	$55,541 41,666 $13,875	$69,754 51,443 $18,311	$ 93,786 69,470 $ 24,316	$61,998 46,123 $15,875

It may be well to review here just what the foregoing tables present.

From Table VIII note the values for the Grand Total, which is at the lower right hand corner.

This indicates that the average gross operating income of all elevators in the entire study, 119 of them, was $61,998. Total operating expense (including depreciation) was $46,123. Net income, after all salaries, wages, operating expense and depreciation allowance was $15,875. This was before income tax.

By referring to Tables II and IV, these averages can be found for the group which resembles any single elevator's volume of grain and supply sales.

Note that group IV, E developed the largest net operating profit. There were 3 plants in this group, all handling large volumes of both grain and supplies.

The group with the lowest net operating profit is at the opposite end of the scale, the upper left hand group I, B. This group of 9 plants averaged $21,146 gross operating income, $19,016 operating expense, and $2,130 net operating income. This group had the smallest volume of both grain and supply.

Space limitations for a publication of this type of study make it impossible to present detail of operations by groups. However, there are several ratios which are of considerable interest. It is possible to make comparison of a single plant's operations with averages of a group of plants of similar business volume and distribution of commodity sales.

Table III presented average volumes of farm supply sales, Table V average volumes of grain sales, and Table VI average total volumes. Table VII presented average other operating income.

Some interesting figures which have not yet been indicated are:

Average % trading margin, grain
Average % trading margin, supply
Average % gross trading margin
Average net non-operating income
Average % net income to sales
Average cost per dollar sales
Average labor expense, total and per dollar sales

These are presented in the following tables, by groups.

Table IX

Average Percentage Trading Margins on Grain,
by Type and Volume Groups, 119
Ohio Elevators, 1953-54

Group:	I	II	III	IV	A-E
A	5.83	8.44	6.75	6.31	6.61
B	3.82	5.02	5.35	6.44	5.15
C	4.42	5.44	5.89	6.99	5.50
D	5.06	5.18	4.42	4.67	4.81
E	4.21	4.93	4.37	5.93	4.70
I-IV	4.55	5.23	4.74	5.72	5.02

The average margin on all grains (and seed) for all 119 elevators was 5.02%. Highest grain margin was in the II, A group, small volume grain sales, and less than average supply sales.

As would probably be expected, grain margins decrease as grain volumes increase. The right hand vertical column shows this. All group A (small volume grain) had a 6.61% grain margin. This decreased to 4.70% for the group E, (large volume grain).

Table X

Average Percentage Trading Margins on Farm Supplies, by Type and Volume Groups, 119 Ohio Elevators, 1953-54

Group:	I	II	III	IV	A-E
A	14.18	15.84	17.25	15.18	15.54
B	14.32	14.05	15.19	14.17	14.27
C	13.43	13.85	12.47	11.55	12.68
D	13.29	11.93	12.82	11.33	11.96
E	12.12	12.10	13.97	15.04	13.71
I-IV	13.96	13.41	13.98	13.53	13.64

Average trading margin on farm supplies, for all 119 plants was 13.64%.

The lowest farm supply margin was in IV, D, which handled among the largest supply volumes, as well as above average grain volumes.

The highest margin was in III, A, with low grain volumes, above average supply volumes. This group of 4 plants had high building supply, hardware and implement sales, all large margin items.

Table XI

Average Percentage of Gross Trading Margin, (Total Grain and Supply) by Type and Volume Groups, 119 Ohio Elevators, 1953-54

Group:	I	II	III	IV	A-E
A	8.85	12.24	12.90	12.63	11.78
B	6.30	8.09	9.26	11.52	9.45
C	5.90	7.67	8.27	9.48	7.83
D	5.78	6.51	6.58	7.22	6.63
E	4.66	5.95	6.31	8.61	6.28
I-IV	5.92	7.10	7.30	9.68	7.64

Average gross trading margin, grain and farm supplies, for all 119 plants, amounted to 7.64%. This was an increase of .78% over the 6.86% for all plants and all commodities the previous year.

The preceding Table XI presents a situation very much as would be expected. Gross trading margins increase as supply sales increase relative to grain sales. There is only one exception, group III, A, which had a slightly higher margin that IV, A. As explained in connection with Table X, this group (III,A) had an abnormally large proportion of sales in high margin items.

To arrive at a final net income figure, non-operating income and expense must be considered. The non-operating income includes interest, dividends, patronage refunds and discounts, gain on asset sales, gain on charged off receivables collected, and cash overage. Non-operating expense includes interest expense, discounts allowed, "cash under" adjustment, and loss on sale of assets.

The net of non-operating income, or expense (-), is given for each group in Table XII.

Table XII

Net of Non-Operating Income, or Expense (-), by Type and Volume Groups, 119 Ohio Elevators, 1953

Group:	I	II	III	IV	A-E
A	$ 162	$ 821	$ 724 (-)	$2,333	$ 755
B	1,003 (-)	1,316	3,365	680 (-)	231
C	1,355	3,745	1,959	2,701	1,858
D	950	1,619	3,265	3,585	2,408
E	844	2,943	4,984	1,981	3,323
I-IV	339	1,999	2,845	1,719	1,709

There appears to be little of significance in Table XII. Generally non-operating income increases as total volume increases, and is larger as the proportion of supply sales increases. Three groups, III, A; I, B; and IV, B; had larger average non-operating expense than income. Largest non-operating income (net) was in group III, E, which had relatively large volumes of both grain and supplies.

A ratio which is of major interest to management of grain and feed businesses is % net income to sales. Since much of income classified as non-operating is patronage refunds and discounts received, and a substantial part of non-operating expense is interest expense, the final net income is the figure used in arriving at the income/sales ratio.

This ratio is presented in Table XIII for each of the 20 sub-groups (I, A; II, B; etc.) and for the major groups (A through D and I through IV).

Table XIII

Average Percent of Net Income to Total Sales (Including Non-Operating Income) by Type and Volume Groups, 119 Ohio Elevators, 1953-54

Group:	I	II	III	IV	A-E
A	1.18%	3.04%	2.82%	3.73%	2.88%
B	1.12	2.09	2.46	3.08	2.39
C	1.26	2.65	2.90	3.82	2.68
D	2.56	2.81	2.37	2.67	2.60
E	2.23	2.15	2.57	3.05	2.51
I-IV	1.72	2.44	2.59	3.19	2.57

The net income as a percentage of total sales increases as proportion of farm supplies increases, relative to grain.

The average for all 119 elevators was 2.57% net income to sales. Generally, groups averaging below that ratio are those which handle small dollar volumes of farm supplies.

This does not necessarily indicate that farm supply businesses are the more profitable. Generally, sales volumes are smaller in farm supplies, so that the final net profit in dollars is equalized between grain and farm supply.

Cost per dollar sales is not a satisfactory measure of efficiency. For example, a corn picker and a car load of oats might sell at the same amount of money. Dollar sales would be the same in both cases. However, the cost of receiving, elevating and loading out the car of grain would be very much less than the cost of receiving, assembling, and delivering the picker. The one operation cannot be said to be "more efficient" than the other.

Therefore, cost per dollar of sales should be used as an indication of efficiency only between groups or plants of similar operations. You can compare your own plants cost per dollar of sales with the group of similar plants in Table XIV. Also, the Table indicates changes in efficiency as volumes of grain or farm supplies increase, within major groups (A-D and I-IV). A valid comparison can be made, for example, between group III, A, and III, B, to indicate increased efficiency as grain volume increased. Similarly a comparison could be made between III, A and IV, A, as indication of reduced cost per dollar sales (increasing efficiency) as supply volume increase. It would not be valid, on the other hand, to assume that group IV, D, for example, is "more efficient" than group II, A.

Average operating expense in dollars was presented in Table VIII.

Table XIV

Average Operating Expense, Per $ of Total Sales, by Type and Volume Groups, 119 Ohio Elevators, 1953-54

Group:	I	II	III	IV	A-E
A	9.78	11.22	11.71	11.32	11.04
B	7.24	8.35	8.51	10.53	9.15
C	5.88	6.79	7.26	7.75	6.92
D	3.87	6.01	5.99	6.27	5.70
E	3.34	4.93	5.14	6.70	5.11
I-IV	5.05	6.40	6.30	8.51	6.75

The average cost per dollar sales, all 119 plants was 6.75¢. The lowest cost, 3.34¢ was in the largest of the primarily grain firms (i.e.) as would be expected.

It is obvious from the table that costs per dollar of sales increase as the proportion of supply sales increase, and decrease as volume increases.

By the above division and classification of plants, and calculation of cost ratios, we approach an average cost figure for handling grain and supplies.

That is, the average cost per dollar of sales in A group was 11.04. These groups handle relatively small volumes of grain. Therefore, most of the cost can be attributed to supplies. The fact that A, I costs are smaller, expressed as percent of sales, is due to the relatively larger influence of its grain volume to total volume.

Similarly, average costs for all group I is 5.05 cents per dollar sales. These groups handle only minor volumes of supplies, and costs are attributable for the most part to grain.

Therefore, as an approximation, it may be said that for Ohio elevators, a cost of about 12% of sales may be estimated, as an average cost in handling farm supplies. An average cost of 5% of sales appears logical for grain handling. These estimates are based upon only one year operation, and there is variation from year to year. We have no reliable comparative figures for prior years.

Labor is the major operating expense, accounting for 59.4% of total operating costs (average of all 119 elevators during this year). It is, therefore, worth while to study the average labor costs for each of these groups.

Table XV

Average Labor Costs, Labor Cost Per Dollar of Sales, and Percent Labor is of Total Operating Expenses, 20 Groups of 119 Ohio Elevators, 1953-54

Group	I	II	III	IV	A-E
A	$11,433	$20,266	$26,460	$33,860	$21,951
	5.88	6.90	6.91	7.08	6.75
	60.12	61.47	59.03	62.52	61.16
B	13,686	22,859	27,377	47,739	29,042
	3.91	4.89	5.45	6.62	5.56
	53.94	58.60	64.01	62.90	60.77
C	15,936	22,911	27,797	40,699	24,612
	3.55	4.20	4.33	4.71	4.20
	60.40	61.85	59.70	60.74	60.77
D	15,962	23,117	31,276	37,236	27,374
	2.27	3.34	3.70	3.52	3.30
	58.48	55.53	61.70	56.21	57.90
E	20,377	30,507	35,878	53,639	33,948
	1.89	2.74	3.07	3.71	2.92
	56.49	55.58	59.70	55.29	57.40
I-IV	14,698	24,271	31,076	41,680	27,637
	2.92	3.73	4.45	4.44	4.01
	57.84	58.25	60.41	60.00	59.37

There are too many items in Table IX for proper presentation. However, there is some advantage in including all of them in one table, since the factors are closely related.

First, the dollar expense for salaries and wages is presented so that any single plant may make comparison with its similar group.

Second, labor cost per dollar of sales is indicated. Labor cost, as a percentage of dollar sales, increases as volume of supplies increase. That holds true within nearly all groups A to E (reading horizontally). On the other hand, within groups I to IV (reading vertically) this ratio decreases as grain volumes increase. This leads to the observation that labor is largely a fixed cost in grain handling operations. That is, as volume is increased, it is not necessary to increase labor in proportion.

In supply operations, however, there appears to be a substantial element of variable labor cost. This reflects the fact that much more direct manual labor is involved in handling supplies, that labor must be increased almost directly in proportion to increased sales.

The percentage of labor expense to total operating expense is of some use in making comparisons of single plant operations with a group. There does not appear to be any uniformity of this ratio among the groups, and nothing of significance is revealed by it.

Depreciation is a varying expense item, as between different plants. Although rates are relatively uniform, the dates of acquisition of facilities have substantial effect upon the total allowance. Buildings and machinery acquired in recent years at higher dollar values, and depreciated at the same rate as older facilities, will result in higher depreciation expense.

Therefore, for comparative purposes, average depreciation expense is presented in Table XVI.

Table XVI

Average Depreciation Expense, and Depreciation Expense as % of Total Expense, 119 Ohio Elevators, 1953-54

Group:	I	II	III	IV	A-E
A	$1,741 15.23	$1,868 9.22	$4,071 15.39	$ 3,958 11.69	$2,797 12.74
B	2,665 19.47	3,418 14.95	3,570 13.04	5,800 12.15	3,339 11.50
C	2,961 18.58	3,206 13.99	3,868 13.91	6,447 15.84	3,715 15.09
D	3,103 19.44	4,016 17.37	4,753 15.20	6,953 18.67	4,777 17.44
E	4,641 22.77	6,198 20.31	4,914 13.70	10,406 18.45	5,930 17.47
I-IV	2,780 18.91	3,885 16.01	4,408 14.19	6,163 14.79	4,242 15.49

Dollar depreciation expense, generally, increases to some degree with volume, both with increasing farm supply volume and with increasing grain volume. It does not increase in proportion to volume, however. Depreciation expense per dollar sales reveals that fact. Such ratio decreases with increased volume. However, since the ratio is a fraction of 1%, it is not presented here, since necessary rounding of fractions obscures trends. This indicates that there is some element of direct, or variable, cost in buildings and equipment, that, on the average, increasing sales volume require constantly expanded and improved facilities.

As percent of total operating expense, depreciation is seen to be of greater relative importance in the plants which are primarily grain handlers. This reflects the larger facilities investment required for grain handling. Grain handling is more "mechanized" than supply handling.

The foregoing section of this bulletin was developed primarily to enable individual plants to compare their operating results with average results of operations in plants of similar size, and handling the same types of commodities, in relatively the same proportions.

To assist in accomplishing such comparison, the following schedule is presented. You may enter figures from the various tables and figures from your own audit in the spaces provided. You can thus gain insight into the reasons for any variation in results of your own operation, from those of similar plants. (Schedule on following page).

This does not allow for a complete analysis of your business in comparison with averages of similar ones. However, it does allow you to compare some of the more significant values and ratios. It deals with the major expense items, labor and depreciation. The effort here was to provide a more significant basis of comparison than an average of a number of plants divided only by type of business or volume of business.

The next section will present you with complete operating statements and balance sheets for two groups, more or less representative of two types of plants, primarily supply and primarily grain operations. There will also be presented operating statements and balance sheets based on averages of the several plants which had the largest average net income, or the "most profitable" operations.

COMPARISON SCHEDULE

Farm Supply Sales, your plant: _____

(From Table II) Comparitive supply group: _____ (I, II, III or IV)

Grain and seed sales, your plant: _____

(From Table IV) Comparitive grain group: _____ (A, B, C, D or E)

Sub-group: _____ (I, A) (II, B) (etc)

	Average for:	Own Plant	Sub-Group
Table III	Farm supply sales	_____	_____
V	Grain and seed sales	_____	_____
VI	Total commodity sales	_____	_____
VII	Other operating income	_____	_____
VIII	Gross operating income	_____	_____
	Operating expense	_____	_____
	Net operating expense	_____	_____
IX	% trading margin grain	_____	_____
X	% trading margin supply	_____	_____
XI	% gross trading margin	_____	_____
XII	Net non-operating income	_____	_____
XIII	Net income % of total sales	_____	_____
XIV	Operating expense, ¢ per $ sales	_____	_____
XV	Salaries and wages, dollars	_____	_____
	¢ per $ sales	_____	_____
	% wages to total expense	_____	_____
XVI	Depreciation charged	_____	_____
	% depreciation to total expense	_____	_____

The most direct method of presentation of financial data appears to be by complete average financial statements for representative groups.

These financial statements include all the major elements of income, expense, and capital requirements for groups of typical plants.

Group A (including four sub-groups I, A; II, A; III, A; and IV, A). This group of 24 plants handled a small average volume of grain and seed. The average grain volume for the group was $134,010, and the largest grain volume handled by any single plant in the group was $155,450.

On the other hand, the group averaged $184,190 farm supply volume. This is only $20,000 less than the average for all 119 plants in the study.

Therefore, this group is taken as representative of those plants which are primarily supply plants.

Group I (including sub-groups I, A; I, B; I, C; I, D; and I, E). This group, of 31 plants handled small average volume of farm supplies. Average farm supply volume for the group was $70,120, the largest supply volume handled by any plant, $114,000.

This group averaged almost $400,000 grain volume, as compared to $468,000 for all 119 plants in the study.

This group is taken as representative of those plants which are primarily grain handlers.

The third set of "average" financial statements is for the entire group of 119 plants in the study. This allows continuity of the series of studies, and analysis of trends over a period of years, based upon this and previous studies.

Finally, a composite statement of the 6 plants which realized the highest net income among the 119 elevators in the study. This is in response to the often received request for a "standard" or "ideal" operation. Since net income is the ultimate measure of business success, the highest net incomes were used as the basis for selection of this group.

Group A, Operating Statement. Average of 24 Plants
(low volume grain, average volume supply)

Item	Sales	Margin	% Margin
Wheat	$ 60,639	$ 3,154	5.2
Corn	24,825	1,666	6.7
Soybeans	31,870	1,704	5.3
Oats	4,559	507	11.1
Seed	9,314	1,475	15.8
Hay and Straw	70	21	29.4
Wool	160	6.	3.9
Livestock	2,573	322.	12.6
Total Farm Products	$134,010	$ 8,855	6.6
Feed	$102,587	$15,889	15.5
Merchandise	12,426	2,069	16.7
Fertilizer	25,308	2,935	11.6
Coal	14,657	3,199	20.1
Petrolum Products	187	-10	-5.4
Lumber	1,180	286	24.2
Building Supply	5,566	1,109	19.9
Machinery and Parts	12,182	1,614	13.3
Hardware	5,110	639	19.1
Lime	43.	17	38.0
Twine	477	37	7.8
Till	658	108	16.4
Paint	55	2	3.9
Salt	284	66	23.2
Cement	31	10.	33.2
Flour	72	7.	9.8
Baskets, Bag	9	2.	2.2
Fence and Posts	3,358	646.	19.3
Total Supply	$184,190	$28,624	11.8
Total	$318,200	$37,479	11.78
Other Operating Income:			
Trucking	494	494	
Shelling, grind, etc.	5,218	5,218	
Misc. Operating	28	28	
Cleaning, treating	50	50	
Storage	454	454	
Drying	537	537	
Shop	226	226	
Total Sales and Margins	$325,207	$ 7,007	2.15

Item	Margin	% of Sales
Gross Operating Income	$44,486	13.67
Salaries and Labor	21,951	6.75
Trucking	1,875	.58
Power	1,535	.47
Plant repair	1,012	.31
Payroll tax	480	.15
County and State tax	1,094	.31
Insurance	1,988	.61
Office	387	.12
Professional service	237	.07
Telephone, telegraph	263	.08
Director fees	219	.06
Dues, Licenses, etc.	167	.04
Travel, meetings, etc.	243	.07
Advertising	684	.21
Rent	102	.03
Miscellaneous	407	.12
Cash expense	$32,870	10.12
Depreciation	$ 2,797	.86
Bad Debt Allows	227	.06
Total Operating Expense	$35,894	11.04
Net Operating Income	$ 8,592	2.64
Interest, Dividends	$ 289	
Refunds and Discounts	853	
Rent received	115	
Cash Adjustments	71	
Gain, asses sales	79	
Total Non-operating inc.	$ 1,407	
Interest paid	299	
Discount given	350	
Total Non-operating expense	$ 649	
Net Income	$ 9,350	2.88

Group A - Balance Sheet Averages

Assets	
Cash	$ 12,625
Customer Accounts Receivable	20,719
Less: Reserve	1,730
Net Customer Accounts	18,989
Trade Accounts Receivable	378
Total Accounts Receivable	19,367
Inventories	37,683
Prepaid Expense	943
Total Current Assets	$ 70,618
Investment	$ 3,984
Land	$ 2,963
Buildings	$ 25,121
Machinery and Equipment	18,959
Furniture and Fixtures	1,503
Trucks	6,923
Total Plant	$ 55,469
Less: Reserve	$ 25,386
Net plant	$ 30,083
Total assets	$104,685
Liabilities & Equity	
Mortgage (current)	$ 4,791
Accounts Payable	9,063
Grain Accounts	2,450
Capital stock dividends	476
Federal Income Tax	1,004
Accrued expense	1,232
Current patronage refunds	4,895
Total current liability	$ 23,912
Mortgage (long term)	$ 774
Total Liability	$ 24,686
Capital stock	$ 41,824
Surplus	$ 38,175
Equity	$ 79,999
Total liability and equity	$104,685

Percent net income to:
Total assets, 8.93%
equity 11.69%

The following financial statement is an average of 31 plants comprising the one-fourth of the entire group handling smallest volumes of farm supplies. This group is representative of plants which are primarily grain handlers.

Group I - Operating Statement
Average for 31 Plants

Item	Sales	Margin	% Margin
Wheat	$ 85,444	$ 4,314	5.0
Corn	150,212	7,851	5.2
Soybeans	136,291	3,893	2.9
Oats	21,394	1,394	6.5
Seed	5,746	699	12.2
Hay, Straw	85	4	4.8
Wool	148	26	17.5
Total Farm Product	$399,320	$18,180	4.6
Feed	$ 26,183	$ 3,989	15.2
Merchandise	17,612	2,041	11.6
Fertilizer	11,777	1,312	11.1
Coal	10,569	1,678	15.9
Petroleum Products	1,447	254	17.5
Building Supply	245	43	17.6
Machinery and Parts	88	-9	-9.9
Hardware	451	64	14.2
Fence and Posts	1,200	214	17.9
Lime	34	5	14.7
Tile	94	11	11.2
Salt	119	23	19.6
Cement	48	7	15.2
Miscellaneous	253	-6	-2.4
	$ 70,120	$ 9,626	13.7
Total Sales	$469,440	$27,806	5.9
Trucking	$ 768	$ 768	
Shelling, grinding	3,172	3,172	
Cleaning, treating	242	242	
Storage	1,431	1,431	
Drying	301	301	% of Sales
Total sales and margin	$475,354	$ 5,914	1.24

Item		% of Sales
Gross operating income	$33,720	7.09
Operating Expense:		
Salaries and Labor	$14,802	3.11
Trucking	1,066	.22
Power	1,356	.29
Plant repair	960	.20
Plant supply	189	.04
Payroll tax	262	.05
County and state tax	895	.19
Insurance	1,523	.32
Office	250	.05
Professional service	213	.05
Telephone, telegraph	213	.05
Advertising, dues, etc.	478	.10
Rent	138	.03
Miscellaneous	191	.04
Total cash expense	$22,536	4.74
Depreciation	2,780	.58
Allowance bad debt	97	.02
Total Operating Expense	$25,413	5.34
Net operating income	$ 8,307	1.75
Interest and dividends received	103	
Patronage and discount rec.	807	
Rent received	36	
Cash adjustment	9	
Gain on asset sales	11	
Total non-operating income	$ 966	
Interest expense	$ 460	
Discount given	32	
Cash adjustment	1	
Loss on asset sales	134	
Total non-operating expense	$ 627	
Net income	$ 8,646	1.82

Group I - Balance Sheet Averages

	Assets
Cash	$15,881
Customer Accounts Receivable	10,627
Less Reserve	902
Net Customer Accounts	9,725
Trade Accounts Receivable	1,826
Total Accounts Receivable	11,551
Inventories	16,967
Prepaid Expense	662
Government Bonds	1,047
Total Current Assets	$ 46,108
Investment	$ 4,235
Land	$ 1,781
Buildings	$ 36,631
Machinery and Equipment	23,540
Furniture and Fixtures	3,011
Trucks	3,294
Total Plant	$ 66,476
Less Reserve	26,158
Net plant	$ 40,318
Total Assets	$ 92,442

	Liabilities
Mortgage (Current)	$ 6,006
Accounts payable	5,999
Grain Accounts	2,902
Capital Stock Dividends	291
Federal Income Tax	320
Accrued Expense	1,178
Current Patronage Refunds	3,749
Total Current Liability	$ 20,452
Mortgage (term)	$ 8,624
Deferred Patronage	1,458
Reserves	305
Total Fixed Liability	$ 30,829
Capital Stock	$ 35.053
Surplus	26,560
Equity	$ 61,613
Total Liability and Equity	92,442

Percent net income to:
Total assets 9.35%
Equity 14,03%

The financial statement, operating and balance sheet, presented below is an average for all plants included in the study. There are 119 operating statements and 93 balance sheets used.

This is an "average" of plants handling all relative volumes of supplies and grain, and of all total volumes.

All Plants - Operating Statement
Average for 119 Plants

Item	Sales	Margin	% Margin
Wheat	$126,526	$ 5,707	4.5
Corn	162,955	9,469	5.8
Soybeans	144,895	4,742	3.3
Oats	19,720	1,739	8.8
Seed	13,187	1,785	13.5
Livestock	557	78	14.0
Miscellaneous Grain	290	12	-4.0
Miscellaneous	200	20	10.0
Total Farm Product	$468,330	$23,528	5.0
Feed	$ 86,725	$11,471	13.5
Merchandise	39,066	4,679	12.0
Fertilizer	30,572	3,462	11.3
Coal	19,364	3,552	18.3
Petroleum Products	5,823	987	16.9
Lumber	1,773	439	23.8
Building Supply	3,532	560	15.8
Machinery and Parts	5,476	836	15.3
Hardware	5,234	895	17.1
Fence and Posts	3,644	582	16.0
Lime	1,103	155	14.0
Twine	405	15	3.6
Tile	521	70	13.4
Paint	234	50	21.2
Cement	252	41	16.5
Miscellaneous	336	43	12.7
Total Supply	$204,060	$27,837	13.6
Total	$672,390	$51,366	7.64
Other Operating Income:			
Trucking	$ 2,070	$ 2,070	
Shelling, Grind, etc.	5,784	5,784	
Miscellaneous Operating	300	300	
Cleaning, Treating	204	204	
Storage	1,686	1,686	
Drying	458	458	
Shop	130	130	% of Sales
Total Sales, Margins	$683,022	$10,632	1.56

Item		% of Sales
Total Operating Income	$61,998	9.07
Operating Expense:		
Salaries and Labor	27,387	4.01
Trucking	2,537	.37
Power	2,257	.33
Plant Repair	1,607	.24
Plant Supply	348	.05
Payroll Tax	457	.07
County and State Tax	1,479	.22
Insurance	2,423	.35
Office	514	.08
Professional Service	322	.05
Telephone, Telegraph	355	.05
Directors Fees	217	.03
Dues and License	143	.02
Donations	89	.01
Travel and Meetings	226	.03
Advertising	831	.12
Rent	117	.02
Miscellaneous	285	.04
Total Cash Expense	$41,594	6.09
Depreciation	4,242	.62
Allowance Bad Debt	287	.04
Total Operating Expense	$46,123	6.75
Net Operating Income	$15,875	2.32
Interest and Dividends Received	$ 506	
Patronage and Discount Received	2,065	
Rent Received	141	
Cash Adjustment	58	
Gain on Asset Sale	137	
Total Non-Operating Income	$ 2,907	
Interest Expense	$ 584	
Discount Allowed	573	
Cash Adjustment	2	
Loss on Asset Sales	39	
Total Non-Operating Expense	$ 1,198	
Net Income	$17,584	2.57

All Plants - Balance Sheet Averages

Assets		
Cash		$ 22,737
Customer Accounts Receivable	$22,059	
Less Reserve	1,636	
Net Customer Accounts	$20,423	
Trade Accounts Receivable	2,522	
Total Accounts Receivable		$ 22,945
Inventories		39,195
Prepaid Expense		1,065
Government Bonds		912
Total Current Assets		$ 86,854
Investment		$ 13,860
Land		$ 4,690
Buildings	$54,736	
Machinery and Equipment	34,460	
Furniture and Fixtures	2,797	
Trucks	7,662	
Total Plant	$99,655	
Less Reserve	37,516	
Net Plant		$ 62,139
Total Assets		$167,543
Liabilities		
Mortgage		$ 6,564
Accounts Payable		8,261
Grain Accounts		6,347
Capital Stock Dividends		2,539
Federal Income Tax		1,471
Accrued Expense		2,071
Current Patronage Refunds		10,200
Total Current Liability		$ 37,453
Mortgage (term)		$ 6,063
Deferred Patronage		3,791
Reserves		145
Total Fixed Liability		$ 9,999
Total Liability		$ 47,452
Capital Stock:		
Preferred	$ 4,988	
Common	62,011	
Total Capital Stock		$ 66,999
Surplus		53,092
Total Equity		$120,091
Total Liability and Equity		$167,543

Percent net income to:

Total assets	10.50%
Equity	14.54%

From the 119 plants included in this study, the five plants which accomplished the five highest net profits were selected. The following financial statements, operating and balance sheet, are averages of those five plants.

Of the five plants, 2 fell in group 4, D; 2 in group 3, E; and 1 in group 4, E.

The highest net profits were realized by plants which had large volumes of both grain and supplies.

However, these were not the largest operations, as measured in volume. The average total sales of the five plants was $1,199,062, whereas the average volume for the top volume group (4, E) was $1,307,620. Volume of each of the five plants was over $1 million, however. The smallest volume among the 5 was $1,024,000 (approximately) and the largest among the 5, approximately $1,375,000.

While total dollar volume appears to be the chief factor in determining net profit, there are other factors, notably margins and costs, which determine net profits. A few plants which had comparable dollar volumes to this group of 5 had very small net profits, and a few had losses. Operating statement, average for this group is shown below.

Highest Net Profit Group - Operating Statement
Average for Five Plants

Item	Sales	Margin	% Margin
Wheat	$ 158,166	$ 7,215	4.6
Corn	300,433	9,782	3.2
Soybeans	345,590	22,998	6.7
Oats	34,867	3,240	9.3
Seed	18,131	2,379	13.1
Miscellaneous	1,389	85	6.1
Total Farm Product	$ 858,576	$ 45,699	5.3
Feed	$ 130,941	$ 16,326	12.5
Merchandise	57,980	7,491	12.9
Fertilizer	56,219	5,040	9.0
Coal	23,507	3,465	14.7
Petroleum Products	34,028	6,161	18.1
Machinery and Parts	15,282	4,529	29.6
Hardware	3,275	408	12.4
Fence and Posts	12,733	1,842	14.5
Twine	2,050	24	0.1
Tile	690	101	14.7
Paint	1,202	237	19.7
Salt	706	143	20.3
Cement	1,872	405	21.6
Total Farm Supply	$ 340,485	$ 46,172	13.6
Total Sales	$1,199,061	$ 91,871	7.7

Trucking	$ 2,721	$ 2,721	
Shelling, Grinding	9,297	9,297	
Miscellaneous	734	734	
Cleaning, Treating	117	117	
Storage	3,049	3,049	
Drying	2,196	2,196	
Shop	1,350	1,350	% of Sales
Total Other Operating	$ 19,465	$ 19,464	1.60
Total Sales, Margin	$1,218,526	$111,335	9.14

Item		% of Sales
Gross Operating Income	$111,335	9.14
Operating Expense:		
Salaries and Labor	$ 40,043	3.29
Trucking	4,150	.34
Power	2,996	.25
Plant Repairs	2,645	.22
Plant Supply	320	.03
Payroll Tax	512	.04
County and State Tax	2,042	.17
Insurance	3,332	.27
Office and Postage	960	.08
Professional Service	189	.02
Telephone and Telegraph	406	.03
Directors Fees	207	.02
Travel and Meetings	485	.04
Advertising	730	.05
Miscellaneous	526	.04
Total Cash Expense	$ 59,543	4.89
Depreciation Allowed	5,759	.47
Bad Debt Allowance	321	.03
Total Operating Expense	$ 65,623	5.39
Net Operating Income	$ 45,712	3.75
Interest and Dividends Received	$ 1,456	
Patronage and Discount Received	5,273	
Rent Received	111	
Cash Adjustment	116	
Gain on Asset Sales	161	
Total Non-Operating Income	$ 7,117	.58
Interest Expense	$ 154	
Loss on Asset Sales	100	
Total Non-Operating Expense	$ 254	.02
Net Income	$ 52,575	4.31

Highest Net Profit Group - Balance Sheet
Average of Five Plants

Assets		
Cash		$ 67,955
Customer Accounts Receivable	$ 30,713	
Less Reserve	2,083	
Net Customer Accounts	$ 28,630	
Trade Accounts	7,052	
Total Accounts Receivable		$ 35,682
Inventories		46,669
Prepaid Expense		1,792
Government Bonds		6,577
Total Current Assets		$158,675
Investment		$ 29,418
Land		$ 4,768
Buildings	$ 65,803	
Machinery and Equipment	33,103	
Furniture and Fixtures	2,580	
Trucks	11,938	
Total Plant	$113,424	
Less Depreciation Reserve	46,200	
Net Plant		$ 67,224
Total Assets		$260,085
Liabilities and Equity		
Accounts Payable		$ 6,431
Grain Accounts Payable		4,558
Capital Stock Dividends Payable		3,097
Federal Income Tax Payable		669
Accrued Expense		3,949
Current Patronage		42,507
Total Liability		$ 61,211
Capital Stock -- Common		$126,511
Surplus		72,363
Total Equity		$198,874
Total Liability and Equity		$260,085

Percent net income to:
Total Assets 20.2%
Equity 26.4%

Summary

For purpose of convenient comparison, the four financial statements presented previously are condensed and presented together:

	Group A Primary Supply	Group I Primary Grain	All 119 Plants	5 High Net Profit
Sales				
Farm Product	$134,010	$399,320	$468,330	$ 858,576
Farm Supply	184,190	70,120	204,060	340,485
Sub Total	$318,200	$469,440	$672,390	$1,199,061
Other Operating	7,007	5,914	10,632	19,464
Total	$325,207	$475,354	$683,022	$1,218,526
$ product margin	$ 8,855	$ 18,180	$ 23,528	$ 45,699
$ supply margin	28,624	9,626	27,837	46,172
$ total margin	$ 37,479	$ 27,806	$ 51,366	$ 91,871
% product margin	6.6	4.6	5.0	5.3
% supply margin	15.5	13.7	13.6	13.6
% total margin	11.8	5.9	7.6	7.6
Gross Operating Income	$ 44,486	$ 33,720	$ 61,998	$ 111,335
Expense:				
Labor	$ 21,951	$ 14,802	$ 27,387	$ 40,043
Depreciation	2,797	2,780	4,242	5,759
All Other	11,146	17,631	14,494	19,821
Total	$ 35,894	$ 25,413	$ 46,123	$ 65,623
Net Operating Income	$ 8,592	$ 8,307	$ 15,875	$ 45,712
Net Non-Operating	758	339	1,709	6,863
Net Income	$ 9,350	$ 8,646	$ 17,584	$ 52,575
% of sales	2.88	1.82	2.57	4.31
Assets				
Cash	$ 12,625	$ 15,881	$ 22,737	$ 67,955
Net Receivables	19,367	11,551	22,945	35,682
Inventory	37,683	16,967	39,195	46,669
Other Current	943	1,709	1,977	8,369
Total Current	$ 70,618	$ 46,108	$ 86,854	$ 158,675
Investment	3,984	4,235	13,860	29,418
Net Plant	30,083	42,099	66,829	71,992
Total	$104,685	$ 92,442	$167,543	$ 260,085
Liabilities				
Current	$ 23,912	$ 20,452	$ 34,453	$ 61,211
Fixed	774	10,387	9,999	--
Total	$ 24,686	$ 30,839	$ 47,452	$ 61,211
Capital	41,824	35,053	66,999	126,511
Surplus	38,175	26,550	53,092	72,363
	$104,685	$ 92,442	$167,543	$ 260,085
Working Capital	$ 46,706	$ 25,656	$ 52,401	$ 97,464
% Net Income to Total Assets	8.93	9.35	10.50	20.20

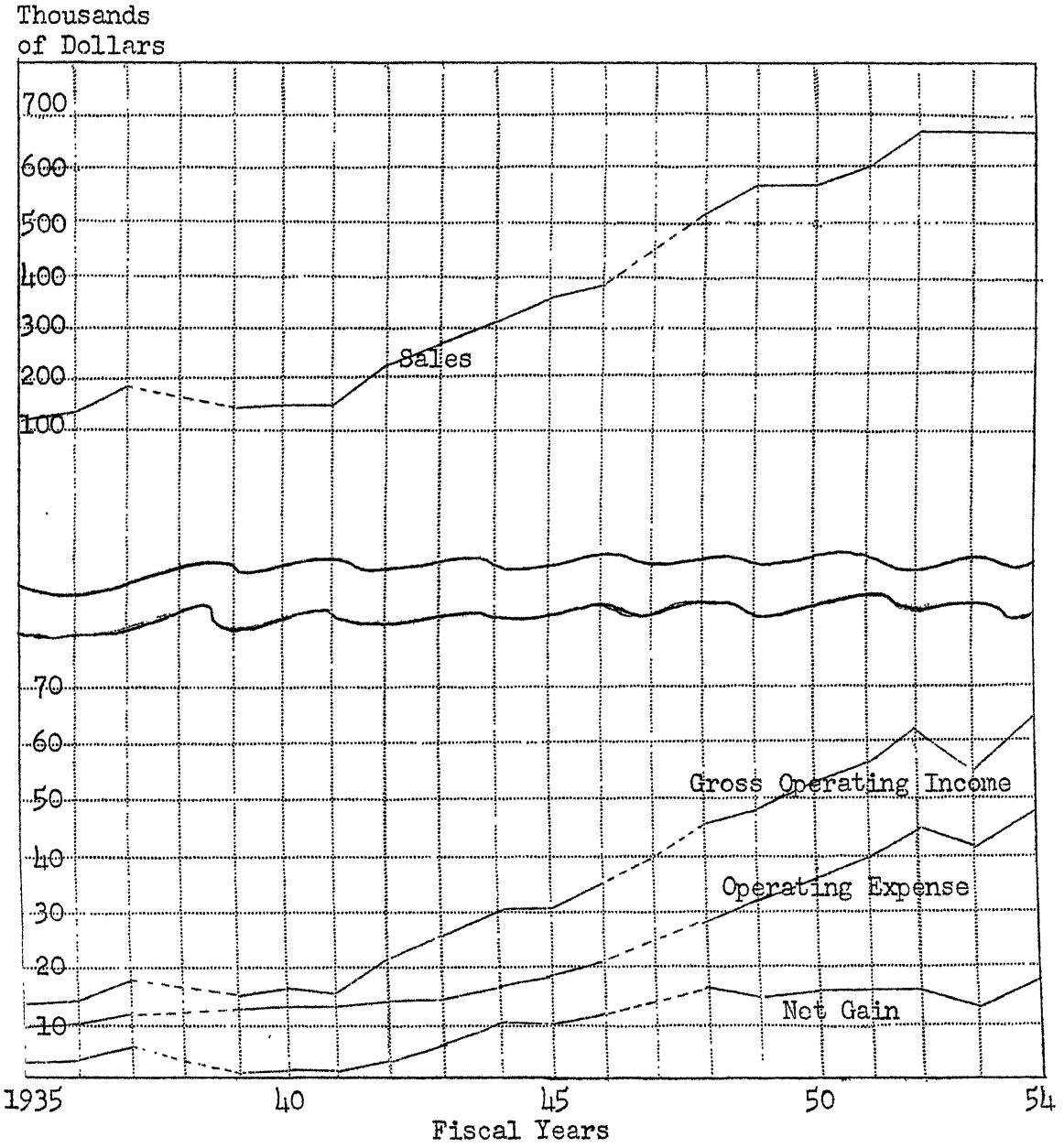
Comparative Profit and Loss Statements
119 Country Elevator and
Farm Supply Plants

	1954	1953	Increase Decrease (-)
Farm Products	$468,330	$461,000	$ 7,330
Farm Supply	204,060	218,606	-14,546
Total Sales	$672,390	$679,606	-$ 7,216
Trading Margin	$ 51,366	$ 46,590	$ 4,776
Other Operating Income	10,632	8,030	2,602
Gross Operating Income	$ 61,998	$ 54,620	$ 7,378
Operating Expense:			
Labor	$ 27,387	$ 25,882	$ 1,505
Depreciation	4,242	4,166	76
Other	14,494	13,392	1,102
Total	$ 46,123	$ 43,440	$ 2,683
Net Operating Income	$ 15,875	$ 11,180	$ 4,695
Net Non-Operating	1,709	1,782	- 73
Total Net Income	$ 17,584	$ 12,962	$ 4,622

Comparative Balance Sheets

	1954	1953	Increase Decrease (-)
Assets			
Cash	$ 22,737	$ 16,625	$ 6,112
a/c Receivable	22,945	22,746	199
Inventories	39,195	37,976	1,219
Other Current Assets	1,977	1,949	28
Total Current	$ 86,854	$ 79,296	$ 7,558
Investment	$ 13,860	$ 12,236	$ 1,624
Net Plant	66,829	64,526	2,303
Total Fixed	$ 80,689	$ 76,762	$ 3,927
Total Assets	$167,543	$156,058	$11,485
Liabilities			
Current	$ 37,453	$ 28,467	$ 8,986
Mortgage	6,063	5,707	356
Other Fixed	3,936	14,093	- 10,157
Total Liability	$ 47,452	$ 48,267	-$ 815
Capital	66,999	70,913	- 3,914
Surplus	53,092	36,878	16,214
Total	$167,543	$156,058	$11,485

Figure 1


Thousands
of Dollars
700
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70
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20
10
Sales
Gross Operating Income
Operating Expense
Net Gain
1935
40
45
50
54
Fiscal Years

Comparative Percentage Trading Margins
1954 and Prior Years
Average of All Plants Surveyed

	1954	1953	1952	1948	1943
Wheat	4.5	3.2	3.2	3.6	4.1
Corn	5.8	4.9	4.3	5.7	6.9
Soybeans	3.3	2.6	3.5	5.0	2.6
Oats	8.8	8.2	5.7	9.3	7.1
Seed	13.5	12.9	12.3	13.2	15.3
Total Farm Product	5.0	4.0	4.1	4.8	4.6
Feed	13.5	11.0	12.1	12.7	13.0
Merchandise	12.0	11.8	14.8	11.9	15.1
Fertilizer	11.3	11.9	12.7	11.2	12.6
Coal	18.3	19.3	19.2	18.3	17.8
Petroleum Products	16.9	14.9	15.2	13.1	13.1
Lumber	23.8	23.5	22.6	25.7	18.2
Building Supply	15.8	17.9	---	21.9	20.0
Machinery and Parts	15.3	15.4	19.8	16.4	19.0
Hardware	17.1	19.6	16.2	17.5	18.3
Fence and Posts	16.0	16.8	17.9	17.3	19.8
Total Farm Supply	13.6	12.9	14.4	14.4	15.2
Total All Sales	7.6	6.9	8.1	8.1	8.5

The increase in over-all margin from 6.9% to 7.6%, on $672,390 sales amounted to $4,706. This was just about the amount of increase in net income ($4,622). Other operating expense (grinding, shelling, storage, etc.) increased by $2,602, which just about offset increased operating expense. The improvement in the net income and corresponding improved financial condition was very directly related to improved margins.

Percentage of Major Operating Expense Items to
Total Operating Expense, 1954 and Prior Years

	1953-4	1952-3	1951-2	1950-1	1949-50
Salaries and Wages	59.4	59.0	58.8	58.4	60.5
Depreciation	9.2	9.3	9.2	8.4	8.0
Power	4.9	5.2	5.3	5.6	5.1
Trucking	5.5	5.4	4.8	5.2	5.4
Insurance	5.2	4.6	4.4	4.0	4.2
Plant Repair	3.5	3.7	3.6	4.6	5.2
Property Tax	3.2	3.3	2.9	---	---
Payroll Tax	1.0	1.0	1.1	---	---
All Tax	4.2	4.3	4.0	4.2	3.5
Advertising	1.8	1.7	1.7	1.5	1.7

Generally, expense items remain of about equal relative importance. The one exception is insurance, which appears to be increasing relative to other expense items. This possible reflects increasing rates, but more probably reflects higher dollar amounts of coverage as new facilities and equipment are added at presently high dollar cost, and as insurance coverage is increased on existing facilities in keeping with higher dollar replacement costs.

Accounts Receivable

The aging of accounts receivable of 46 companies was summarized. These companies were grouped according to dollar volume of supply sales. It is supply sales which give rise to receivables. As of the fiscal year closing, average receivables, and percent receivables to total annual supply sales was as follows:

Average Supply Sales	Average A/C Receivable	Percent A/C Receivable to Sales
$543,376	$36,151	6.65%
345,296	29,032	8.41%
259,293	33,376	12.87%
151,778	18,836	12.41%
81,018	11,161	12.49%
$211,853	$23,149	10.93%

An average of receivables equal to 30 days sales would be 8.22%. On an average, all plants had 10.93% of annual sales in accounts receivable, or an average of 40 days sales.

The aging of these accounts is as follows:

Under 90 Days	90-180 Days	180 Days-1 Yr.	Over 1 Yr.
$15,294	$2,832	$2,387	$2,636
66.07%	12.23%	10.31%	11.39%

Of the accounts under 90 days, the available data showed this further breakdown:

Under 30 Days	Under 60 Days	Under 90 Days
$5,508	$7,560	$15,296
23.79%	8.86%	33.42%

(60 day accounts include 30 day, 90 day include both 30 and 60 day)

Due to the fact that a number of companies aged accounts only under 90 days, and a further number only under 60 days, the 30 day and 60 day accounts are understated. Roughly, 1/3 of the 90 day accounts and 1/2 of 60 day accounts might be under 30 days old. An additional 1/3 of 90 day accounts might be under 60 days. Therefore, an estimated aging of all accounts is as follows:

Under 30 days	$ 9,110	39.35%
30 - 60 days	3,604	15.57%
60 - 90 days	2,580	11.15%
90 - 180 days	2,832	12.23%
180 days - 1 yr.	2,387	10.31%
Over 1 year	2,636	11.39%
	$23,149	100.00%

If we value accounts over 1 year at 40%, 180-365 days at 80%, 90-180 days at 90%, we have a net value of $5,513 for the listed value of $7,855 of receivables. This is an estimated depreciation in value of receivables of $2,342. The average reserve carried is $1,636.